

**IN RE: FRED STEINBERG and PHANVIKA STEINBERG, Debtors.**

**MONTEREY MUSHROOMS, INC.; HOLLAR AND GREENE PRODUCE COMPANY,  
INC.; and NORTHWEST CHOICE, INC.,**

**Plaintiff(s),**

**vs.**

**FRED STEINBERG,  
Defendant.**

**Case No. 03-30417-BKC-PGH**

**Adv. Case No. 03-3099-BKC-PGH-A**

Creditors sought: (1) to hold Debtor individually liable for debts of corporation under the Perishable Agricultural Commodities Act, 7 U.S.C. § 499e (“PACA”) and (2) a denial of Debtor’s discharge based on fraud or defalcation while acting in a fiduciary capacity pursuant to 11 U.S.C. § 523(a)(4). The Court held that: (1) since Debtor did not participate in the day-to-day management and control of the corporation, there was insufficient evidence to hold Debtor individually liable for the debts owed by the corporation under PACA; and (2) no fiduciary relationship existed between the Plaintiffs and Debtor, and the evidence failed to establish that Debtor was guilty of a wrongful act of fraud or defalcation under 11 U.S.C. § 523(a)(4). The Court granted the Debtor’s discharge and reserved jurisdiction to award the Debtor actual costs associated with the case.